JS 44 (Rev. 07/16)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

I. (a) PLAINTIFFS

Goddard Systems, Inc.

(b) County of Residence of First Listed Plaintiff: Montgomery County, PA
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*
Constantine T. Fournaris, Wiggin and Dana, LLP, 50 S. 16th Street, Two Liberty Place, Suite 2925, Philadelphia, PA 19102; 215 988 8311

DEFENDANTS

Nichelle Stewart and Randy Hilliard and KN Learning, Inc. and International Preschool LLC and MDJ Development, LLC and Michael David Johnson

County of Residence of First Listed Defendant: Harris County, TX
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question *(U.S. Government Not a Party)*
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*

(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	☐ 1	☐ 1	Incorporated *or* Principal Place of Business In This State	☐ 4	☐ 4
Citizen of Another State	☐ 2	☐ 2	Incorporated *and* Principal Place of Business In Another State	☐ 5	☐ 5
Citizen or Subject of a Foreign Country	☐ 3	☐ 3	Foreign Nation	☐ 6	☐ 6

IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

CONTRACT
- ☐ 110 Insurance
- ☐ 120 Marine
- ☐ 130 Miller Act
- ☐ 140 Negotiable Instrument
- ☐ 150 Recovery of Overpayment & Enforcement of Judgment
- ☐ 151 Medicare Act
- ☐ 152 Recovery of Defaulted Student Loans (Excludes Veterans)
- ☐ 153 Recovery of Overpayment of Veteran's Benefits
- ☐ 160 Stockholders' Suits
- ☐ 190 Other Contract
- ☐ 195 Contract Product Liability
- ☐ 196 Franchise

REAL PROPERTY
- ☐ 210 Land Condemnation
- ☐ 220 Foreclosure
- ☐ 230 Rent Lease & Ejectment
- ☐ 240 Torts to Land
- ☐ 245 Tort Product Liability
- ☐ 290 All Other Real Property

TORTS

PERSONAL INJURY
- ☐ 310 Airplane
- ☐ 315 Airplane Product Liability
- ☐ 320 Assault, Libel & Slander
- ☐ 330 Federal Employers' Liability
- ☐ 340 Marine
- ☐ 345 Marine Product Liability
- ☐ 350 Motor Vehicle
- ☐ 355 Motor Vehicle Product Liability
- ☐ 360 Other Personal Injury
- ☐ 362 Personal Injury - Medical Malpractice

PERSONAL INJURY
- ☐ 365 Personal Injury - Product Liability
- ☐ 367 Health Care/ Pharmaceutical Personal Injury Product Liability
- ☐ 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- ☐ 370 Other Fraud
- ☐ 371 Truth in Lending
- ☐ 380 Other Personal Property Damage
- ☐ 385 Property Damage Product Liability

CIVIL RIGHTS
- ☐ 440 Other Civil Rights
- ☐ 441 Voting
- ☐ 442 Employment
- ☐ 443 Housing/ Accommodations
- ☐ 445 Amer. w/Disabilities - Employment
- ☐ 446 Amer. w/Disabilities - Other
- ☐ 448 Education

PRISONER PETITIONS

Habeas Corpus:
- ☐ 463 Alien Detainee
- ☐ 510 Motions to Vacate Sentence
- ☐ 530 General
- ☐ 535 Death Penalty

Other:
- ☐ 540 Mandamus & Other
- ☐ 550 Civil Rights
- ☐ 555 Prison Condition
- ☐ 560 Civil Detainee - Conditions of Confinement

FORFEITURE/PENALTY
- ☐ 625 Drug Related Seizure of Property 21 USC 881
- ☐ 690 Other

LABOR
- ☐ 710 Fair Labor Standards Act
- ☐ 720 Labor/Management Relations
- ☐ 740 Railway Labor Act
- ☐ 751 Family and Medical Leave Act
- ☐ 790 Other Labor Litigation
- ☐ 791 Employee Retirement Income Security Act

IMMIGRATION
- ☐ 462 Naturalization Application
- ☐ 465 Other Immigration Actions

BANKRUPTCY
- ☐ 422 Appeal 28 USC 158
- ☐ 423 Withdrawal 28 USC 157

PROPERTY RIGHTS
- ☐ 820 Copyrights
- ☐ 830 Patent
- ☒ 840 Trademark

SOCIAL SECURITY
- ☐ 861 HIA (1395ff)
- ☐ 862 Black Lung (923)
- ☐ 863 DIWC/DIWW (405(g))
- ☐ 864 SSID Title XVI
- ☐ 865 RSI (405(g))

FEDERAL TAX SUITS
- ☐ 870 Taxes (U.S. Plaintiff or Defendant)
- ☐ 871 IRS—Third Party 26 USC 7609

OTHER STATUTES
- ☐ 375 False Claims Act
- ☐ 376 Qui Tam (31 USC 3729(a))
- ☐ 400 State Reapportionment
- ☐ 410 Antitrust
- ☐ 430 Banks and Banking
- ☐ 450 Commerce
- ☐ 460 Deportation
- ☐ 470 Racketeer Influenced and Corrupt Organizations
- ☐ 480 Consumer Credit
- ☐ 490 Cable/Sat TV
- ☐ 850 Securities/Commodities/ Exchange
- ☐ 890 Other Statutory Actions
- ☐ 891 Agricultural Acts
- ☐ 893 Environmental Matters
- ☐ 895 Freedom of Information Act
- ☐ 896 Arbitration
- ☐ 899 Administrative Procedure Act/Review or Appeal of Agency Decision
- ☐ 950 Constitutionality of State Statutes

V. ORIGIN *(Place an "X" in One Box Only)*

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District *(specify)*
- ☐ 6 Multidistrict Litigation - Transfer
- ☐ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing **(Do not cite jurisdictional statutes unless diversity)**:
28 U.S.C. § 1331 and 15 U.S.C. § 1116(a)

Brief description of cause:
Enforcement of Franchise Agreement; Trademark Infringement and Unfair Competition

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND $ Injunctive relief and money damages

CHECK YES only if demanded in complaint:
JURY DEMAND: ☐ Yes ☒ No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE ______ DOCKET NUMBER ______

DATE: 02/07/2017

SIGNATURE OF ATTORNEY OF RECORD: Constantine T. Fournaris [signature]

FOR OFFICE USE ONLY

RECEIPT # ______ AMOUNT ______ APPLYING IFP ______ JUDGE ______ MAG. JUDGE ______

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

CASE MANAGEMENT TRACK DESIGNATION FORM

GODDARD SYSTEMS, INC.	:	CIVIL ACTION
v.	:	
NICHELLE STEWART AND RANDY HILLIARD AND KN LEARNING, INC. AND INTERNATIONAL PRESCHOOL, LLC AND MDI DEVELOPMENT, LLC AND MICHAEL DAVID JOHNSON	:	NO.

In accordance with the Civil Justice Expense and Delay Reduction Plan of this court, counsel for plaintiff shall complete a Case Management Track Designation Form in all civil cases at the time of filing the complaint and serve a copy on all defendants. (See § 1:03 of the plan set forth on the reverse side of this form.) In the event that a defendant does not agree with the plaintiff regarding said designation, that defendant shall, with its first appearance, submit to the clerk of court and serve on the plaintiff and all other parties, a Case Management Track Designation Form specifying the track to which that defendant believes the case should be assigned.

SELECT ONE OF THE FOLLOWING CASE MANAGEMENT TRACKS:

(a) Habeas Corpus – Cases brought under 28 U.S.C. § 2241 through § 2255. ( )

(b) Social Security – Cases requesting review of a decision of the Secretary of Health and Human Services denying plaintiff Social Security Benefits. ( )

(c) Arbitration – Cases required to be designated for arbitration under Local Civil Rule 53.2. ( )

(d) Asbestos – Cases involving claims for personal injury or property damage from exposure to asbestos. ( )

(e) Special Management – Cases that do not fall into tracks (a) through (d) that are commonly referred to as complex and that need special or intense management by the court. (See reverse side of this form for a detailed explanation of special management cases.) ( )

(f) Standard Management – Cases that do not fall into any one of the other tracks. (X)

February 7, 2017	Constantine T. F[signature]	Goddard Systems, Inc.
Date	**Attorney-at-law**	**Attorney for**
215 988 8311	215 98888344	cfournaris@wiggin.com
Telephone	**FAX Number**	**E-Mail Address**

UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA — DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

Address of Plaintiff: Goddard Systems, Inc., 1016 W. Ninth Avenue, King of Prussia, PA 19406

Address of Defendant: 9711 Alyssa Court, Humble, TX 77396; 1816 Marengo Street, New Orleans, LA 70115; 15015 Fall Creek Preserve Drive, Humble, TX 77396, 11701 Bee Caves Road, Suite 215, Austin, TX 78738 and 4932 Celanova Court; Austin, TX 78738

Place of Accident, Incident or Transaction: 1016 W. Ninth Avenue; King of Prussia, PA 19406

(*Use Reverse Side For Additional Space*)

Does this civil action involve a nongovernmental corporate party with any parent corporation and any publicly held corporation owning 10% or more of its stock?

(Attach two copies of the Disclosure Statement Form in accordance with Fed.R.Civ.P. 7.1(a)) Yes☐ No☒

Does this case involve multidistrict litigation possibilities? Yes☐ No☒

RELATED CASE, IF ANY:

Case Number: ____________ Judge ____________ Date Terminated: ____________

Civil cases are deemed related when yes is answered to any of the following questions:

1. Is this case related to property included in an earlier numbered suit pending or within one year previously terminated action in this court?
   Yes☐ No☒
2. Does this case involve the same issue of fact or grow out of the same transaction as a prior suit pending or within one year previously terminated action in this court?
   Yes☐ No☒
3. Does this case involve the validity or infringement of a patent already in suit or any earlier numbered case pending or within one year previously terminated action in this court? Yes☐ No☒
4. Is this case a second or successive habeas corpus, social security appeal, or pro se civil rights case filed by the same individual?
   Yes☐ No☒

CIVIL: (Place ✔ in ONE CATEGORY ONLY)

A. *Federal Question Cases*:

1. ☐ Indemnity Contract, Marine Contract, and All Other Contracts
2. ☐ FELA
3. ☐ Jones Act-Personal Injury
4. ☐ Antitrust
5. ☐ Patent
6. ☐ Labor-Management Relations
7. ☐ Civil Rights
8. ☐ Habeas Corpus
9. ☐ Securities Act(s) Cases
10. ☐ Social Security Review Cases
11. ☒ All other Federal Question Cases
    (Please specify) Lanham Act - trademark

B. *Diversity Jurisdiction Cases*:

1. ☐ Insurance Contract and Other Contracts
2. ☐ Airplane Personal Injury
3. ☐ Assault, Defamation
4. ☐ Marine Personal Injury
5. ☐ Motor Vehicle Personal Injury
6. ☐ Other Personal Injury (Please specify)
7. ☐ Products Liability
8. ☐ Products Liability — Asbestos
9. ☐ All other Diversity Cases
   (Please specify) ____________

ARBITRATION CERTIFICATION

(*Check Appropriate Category*)

I, Constantine T. Fournaris, counsel of record do hereby certify:

☐ Pursuant to Local Civil Rule 53.2, Section 3(c)(2), that to the best of my knowledge and belief, the damages recoverable in this civil action case exceed the sum of $150,000.00 exclusive of interest and costs;

☐ Relief other than monetary damages is sought.

DATE: February 7, 2017   [signature: Constantine T. Fournaris]   63902

Attorney-at-Law   Attorney I.D.#

NOTE: A trial de novo will be a trial by jury only if there has been compliance with F.R.C.P. 38.

I certify that, to my knowledge, the within case is not related to any case now pending or within one year previously terminated action in this court except as noted above.

DATE: 2/7/17   [signature: Constantine T. Fournaris]   63902

Attorney-at-Law   Attorney I.D.#

CIV. 609 (5/2012)

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

GODDARD SYSTEMS, INC.
1016 W. Ninth Avenue
King of Prussia, Pennsylvania 19406

Plaintiff

v.

NICHELLE STEWART
9711 Alyssa Court
Humble, Texas 77396

and

RANDY HILLIARD
1816 Marengo Street
New Orleans, Louisiana 70115

and

KN LEARNING, INC.
15015 Fall Creek Preserve Drive
Humble, Texas 77396

and

INTERNATIONAL PRESCHOOL LLC
11701 Bee Caves Road, Suite 215
Austin, Texas 78738

and

MDJ DEVELOPMENT, LLC
11701 Bee Caves Road, Suite 215
Austin, Texas 78738

and

MICHAEL DAVID JOHNSON
4932 Celanova Court
Austin, Texas 78738

Defendants.

CIVIL NO. ________________

JURY TRIAL NOT DEMANDED

VERIFIED COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

THE PARTIES

1. Plaintiff Goddard Systems, Inc. ("GSI") is a Pennsylvania corporation with its principal place of business at 1016 West Ninth Avenue, King of Prussia, Pennsylvania 19406.

2. Upon information and belief, Defendant Nichelle Stewart ("Stewart") is an adult individual and a resident of the State of Texas with a home address of 9711 Alyssa Court, Humble, Texas 77396.

3. Upon information and belief, Defendant Randy Hilliard ("Hilliard") is an adult individual and a resident of the State of Louisiana with a home address of 1816 Marengo Street, New Orleans, Louisiana 70115.

4. Defendant KN Learning, Inc. ("KNL") is a Texas corporation with a registered office street address of 9711 Alyssa Court, Humble, Texas 77396. Upon information and belief, KNL was formed by, and is owned and/or controlled by Stewart and Hilliard.

5. As set forth below, KNL, Stewart and Hilliard formerly owned and operated a Goddard School preschool located at 15015 Fall Creek Preserve Drive, Humble, Texas 77396 (the "Humble Goddard School"), under a written franchise agreement with GSI.

6. KNL, Stewart and Hilliard are collectively referred to as the "KNL Defendants".

7. Defendant Michael David Johnson ("Johnson") is an individual resident and citizen of the State of Texas. Upon information and belief, Johnson resides at 4932 Celanova Court, Austin, Texas 78738.

8. Defendant MDJ Development, LLC ("MDJ") is a Texas corporation with a registered office street address of 11701 Bee Caves Road, Suite 215, Austin, Texas 78738. Upon information and belief, MDJ was formed and is owned, managed and/or controlled by Johnson.

As set forth below, pursuant to a Lease Agreement dated July 24, 2008 by and between MDJ, on the one hand as lessor, and Nichelle Stewart and Randy Hilliard d/b/a The Goddard School, on the other hand as lessees, MDJ was and, upon information and belief, remains the KNL Defendants' landlord for the leasehold premises of the Humble Goddard School.

9. International Preschool LLC ("IPL") is a Texas corporation with a registered office street address of 11701 Bee Caves Road, Suite 215, Austin, Texas 78738, which is the same registered office street address as MDJ. Upon information and belief, IPL was recently formed on November 21, 2016 by Johnson and is owned, managed and/or controlled by, among others, Johnson. Johnson filed an Assumed Named Certificate on IPL's behalf with the Secretary of State for the State of Texas on January 24, 2017 in order for IPL to be known and to conduct business as the Little Academy.

10. Upon information and belief, the KNL Defendants, Johnson, MDJ and, more recently after its formation, IPL have conspired, planned and engaged in a fraudulent scheme to establish and open a knock-off, so-called independent "Little Academy of Humble" child daycare or preschool learning center or business at the exact same address as the now former Humble Goddard School (the "Little Academy of Humble"), all in express contravention and breach of the KNL Defendants' contractual obligations and covenants to GSI.

11. Upon information and belief, one or more of the KNL Defendants own, control or have an interest in, in whole or in part, directly or indirectly, IPL and/or the Little Academy of Humble. In the alternative, and upon information and belief, one or more of the KNL Defendants, directly or indirectly, own, maintain, engage in, are employed by, finance and/or otherwise have an interest in IPL and/or the Little Academy of Humble.

JURISDICTION AND VENUE

12. This Court has subject matter jurisdiction over this matter under 28 U.S.C. § 1332(a)(1) because Plaintiff and Defendants are residents of different states, and the amount in controversy (including, without limitation, the value of the rights at issue and being litigated herein) exceeds $75,000, exclusive of interest and costs.

13. This Court also has subject matter jurisdiction over this matter under 28 U.S.C. § 1331 and 15 U.S.C. § 1116(a) because Defendants are engaging in activities that infringe Plaintiff's trademarks under Sections 32 and 43 of the Lanham Act, 15 U.S.C. §1114(1), § 1125(a).

14. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391 because a substantial part of the events or omissions giving rise to the claims occurred in this district, and Defendants' conduct injured GSI in this judicial district. Among other things, Defendants' acts of misappropriation and conversion of things belonging to, unfair competition with GSI and other intentional torts as described below, as a matter of law, have their fictional situs and have caused damage in this district, and were directed at GSI in this district.

15. Jurisdiction and venue are also proper in this court under the terms of: (a) the Franchise Agreement dated October 2, 2009, for the Humble Goddard School franchise located in Humble, Texas (*see* Exhibit 1, ¶23B); and (b) the Conditional Reinstatement of Franchise Agreement dated March 10, 2016 (*see* Exhibit 8, ¶14).

BACKGROUND

16. GSI is the franchisor of THE GODDARD SCHOOL® businesses ("Goddard Schools"), which specialize in offering to the public preschool early education programs for children.

17. Through years of experience, GSI has developed an operating system consisting of (among other things) specially designed standards and specifications, business information, curricula, advertising and marketing materials, identification schemes, training programs, management programs, interior and exterior accessories, and GSI-approved equipment and equipment layouts (the "Goddard System").

18. GSI is the owner of all of the right, title and interest in and to certain trade names, trademarks and service marks, including the mark THE GODDARD SCHOOL® and other related marks (the "Marks"), which are utilized in the operation of the Goddard System. GSI owns numerous registrations for the mark THE GODDARD SCHOOL®, and related marks. Each of these registrations has been properly registered by GSI on the Principal Register in the United States Patent and Trademark Office and is in full force and effect.

19. The registered Marks are famous and have acquired secondary meaning in that they are widely recognized by the general consuming public of the United States as a designation of source of the goods or services of GSI and its licensed franchisees.

20. The mark THE GODDARD SCHOOL® and the other Marks are utilized in interstate commerce.

21. As part of the Goddard System, GSI has developed proprietary know-how, trade secrets and unique and successful methods of early childhood education, and has developed a unique, uniform system relating to the operation of franchised Goddard Schools. Distinguishing characteristics of the franchised Goddard Schools include the Marks and the latest available data and information concerning market analysis, procurement of students, sales and merchandising methods, training of franchisees and center personnel, advertising techniques, record-keeping and business management.

22. The Goddard System also includes a system of maintaining uniform high standards of quality, appearance and service in each of the Goddard Schools, an operations manual containing standards, specifications and procedures for operating a Goddard School, training and instruction in the operation of the franchise, reasonable individual business advice provided by the officers and other personnel of GSI, and assistance in promoting a franchised Goddard School business.

23. Maintenance of the highest standards of quality, appearance and service is essential to the development and maintenance of the reputation and goodwill of THE GODDARD SCHOOL® preschools. These standards are important to GSI and to each franchisee.

24. The goodwill and reputation associated with the Marks are impaired when a franchisee fails to maintain standards and operates a non-conforming or unsafe business under THE GODDARD SCHOOL® trademarks and service marks.

25. GSI and its franchises have for many years spent substantial sums of money promoting THE GODDARD SCHOOL® preschools. As a result of this extensive promotion, valuable goodwill has been developed for the Marks and for THE GODDARD SCHOOL® preschools, products and services that bear the Marks and thus identify GSI as their sponsor and source.

26. The business relationship between GSI and its franchisees is governed by the terms and conditions of a franchise agreement between GSI and each franchisee.

27. GSI franchisees are licensed under their respective franchise agreements to use the Marks and to operate under the Goddard System.

28. GSI and its franchisees have for many years spent substantial sums of money promoting the Goddard Schools. As a result of this extensive promotion, valuable goodwill has been developed for the Marks and for the schools, products and services that bear the Marks and thus identify GSI as their sponsor and source.

29. Most new Goddard School franchisees, including the KNL Defendants and, upon information and belief, Johnson, have no prior experience in operating a child daycare or preschool learning center and would have little or no ability to do so efficiently, legally, and profitably without extensive training and assistance. This program is a critical factor driving entrepreneurs to become Goddard School franchisees rather than trying to open independent centers on their own.

30. GSI provides its franchisees with extensive training and hands-on assistance and support in every aspect of establishing and operating a child daycare and preschool learning center, including selecting an appropriate location for the center, opening and promoting a center, learning theories of early childhood development and curricula for different age groups, increasing and maintaining enrollment, managing accounting functions, and ordering and purchasing equipment and supplies.

31. Each individual franchisee is given two to three weeks of training before his or her Goddard School opens. During and after the Goddard School has opened, and throughout the franchisees' relationship with GSI, GSI personnel provide additional training and support, both in person and by telephone. GSI also provides its franchisees with its Confidential Operating Manual and other materials, all of which contain GSI's trade secrets and confidential and proprietary information (collectively, the "Manual"). GSI personnel conduct periodic visits to and inspections of each Goddard School, during which they offer guidance and advice to help

franchisees resolve operational and other problems. GSI's franchise relations staff is available by telephone to answer franchisees' questions and provide additional support and advice. GSI also sponsors seminars, conventions and regional meetings for its franchisees, during which GSI's trade secrets and confidential and proprietary information are disseminated and discussed.

32. As partial consideration for GSI's agreement to disclose the Goddard System, all franchisees agree not to be involved in any way in any other child daycare, preschool learning center, or similar business anywhere during the term of their franchise agreement ("in-term covenant") and for a three-year period after the termination of their franchise agreement, within a ten-mile radius of their Goddard School or any other existing or proposed Goddard School ("post-term covenant").

33. The in-term and post-term covenants – which are present in every franchise agreement that GSI has ever entered – are essential to maintaining the integrity of GSI's trade secrets and confidential and proprietary information and to protecting other franchisees from unfair competition from former franchisees.

THE FRANCHISE AGREEMENT

34. On October 2, 2009, Stewart and Hilliard entered into a Franchise Agreement (the "Franchise Agreement") with GSI, under which Stewart and Hilliard were granted the right and undertook the obligation to operate The Goddard School at 15015 Fall Creek Preserve Drive, Humble, Texas 77396. *See* Franchise Agreement (attached as **Exhibit 1**).

35. On October 2, 2009, Stewart and Hilliard then assigned their rights and obligations under the Franchise Agreement to KNL, a Texas corporation formed for their convenience of ownership, and KNL assumed all of the obligations under the Franchise Agreement (the "Assignment"). Under the Assignment, Stewart and Hilliard agreed to continue

to be bound by the Franchise Agreement and to personally guarantee all of KNL's obligations under the Franchise Agreement. *See* Assignment (attached as **Exhibit 2**).

36. The initial term of the Franchise Agreement commenced on the date of the Franchise Agreement (October 2, 2009) and was set to last for an initial term of 15 years (until October 2, 2024).

37. Under the terms of the Franchise Agreement and the Assignment, Stewart, Hilliard and KNL received a limited license to use the Marks and Goddard operating system, to utilize GSI's latest available data and information concerning early childhood education, and to employ the unique system of operation developed and owned by GSI.

38. Under the Franchise Agreement, the KNL Defendants' right to use the Marks is personal and limited and they have and derive no interest in any goodwill established under the Marks. Paragraph 7 of the Franchise Agreement (Ex. 1) provides in relevant part:

> (a) Your right to use the Proprietary Marks is derived solely from this Agreement and is ***limited to the conduct of the business by Franchisee*** pursuant to and in compliance with this Agreement. You agree that all usage of the Proprietary Marks ***and any goodwill established thereby shall inure to our exclusive benefit***. You acknowledge that this Agreement does not confer any goodwill or other interest in the Proprietary Marks to you. (Paragraph 7.A (emphasis added)).
>
> (b) You agree that after termination or expiration of this Agreement, you will not directly or indirectly at any time or in any manner identify yourself as a current or former franchisee of our System or any business as a current or former The Goddard School or as otherwise associated with [GSI] or our affiliated companies, or use in any manner or for any purpose the Proprietary Marks or any colorable imitation thereof. (Paragraph 7.B)
>
> (c) You shall promptly notify [GSI] of any use by any person or legal entity other than [GSI] or another of its franchisees of any Proprietary Marks, any colorable variation thereof, or any other mark in which [GSI] has or claims a proprietary interest. (Paragraph 7.D)

39. The Franchise Agreement also contains limitations on the KNL Defendants' ability to transfer the Franchise Agreement, the right to operate the Humble Goddard School or its assets. Paragraph 12.B of the Franchise Agreement provides in relevant part: "You understand and acknowledge that the rights and duties set forth in the Agreement are personal to you. Accordingly, you shall not sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this franchise (including any interest in any partnership, corporation or limited liability company that owns this franchise) or in the assets of the franchise without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, not having our written consent shall be null and void and shall constitute a material breach of this Agreement." Franchise Agreement (Ex. 1), ¶12.B.

40. Under the Franchise Agreement, the KNL Defendants agreed to operate the Humble Goddard School in accordance with the methods, standards and specifications provided by GSI in the Manual. Defendants further agreed that the Manual was at all times the property of GSI. *See* Franchise Agreement (Ex. 1), ¶8.

41. Before signing the Franchise Agreement, Stewart and Hilliard had no training or experience in opening, operating or promoting a child daycare or preschool learning program; everything that Stewart, Hilliard and KNL know on these subjects they learned from GSI or through their experience of operating the Humble Goddard School.

42. As the designated on-site operator for the School, Stewart attended GSI's two-week training class at GSI's headquarters in King of Prussia, Pennsylvania in September 2009. While at training, Stewart received her copy of the Manual.

43. The KNL Defendants expressly acknowledged and agreed in the Franchise Agreement that the information contained in the Manual is secret and confidential and agreed

that they "shall use all reasonable efforts to maintain such information as secret and confidential" and would neither reproduce the materials in the Manual or "make the same available to any unauthorized person." *See* Franchise Agreement, (Ex. 1), at ¶8 and 9. The Franchise Agreement specifically provided as follows:

> The Manual, our trade secrets and any copyrighted material, our methods and other techniques and know-how are our exclusive property and are revealed to you in confidence solely to assist you in operating the School. You [Stewart, Hilliard and KNL] shall at all times treat the [Confidential Operating] Manual, any other manuals created for or approved for use in the operation of the franchised business, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. You shall not at any time, without [GSI's] prior written consent, copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

Franchise Agreement at ¶ 9A.

44. Under the Franchise Agreement, Stewart, Hilliard and KNL agreed, among other things, not to disclose GSI's trade secrets and confidential and proprietary information (the "Covenant of Confidentiality"):

> You [Stewart, Hilliard and KNL] shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation, any trade secrets or confidential information, knowledge, or know-how concerning the methods of operation of The Goddard School which may be communicated or disclosed to you, or of which you may be apprised, by virtue of your operation under the terms of this Agreement.

Franchise Agreement (Ex. 1) at ¶ 9.B.

45. The KNL Defendants further agreed to the following covenant not to compete during the term of the Franchise Agreement (the "In-Term Covenant"):

> You [Stewart, Hilliard and KNL] covenant that, during the term of this Agreement, except as otherwise approved in writing by us, you shall not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other entity:

> (1) Divert or attempt to divert any business or customer of the business franchised under this Agreement to any competitor, by direct or indirect inducement or otherwise, to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.
>
> (2) Employ or seek to employ any person who is at that time employed by [GSI] or by any of [GSI's franchisees], or otherwise directly or indirectly to induce such person to leave his or her employment.
>
> (3) Own, maintain, engage in, be employed by, finance or have any interest in any other child daycare or preschool learning center or business (other than a School under an effective Franchise Agreement with [GSI].

Franchise Agreement (Ex. 1) at ¶ 16B.

46. The Franchise Agreement provides that GSI was entitled to terminate the Franchise Agreement immediately if the KNL Defendants:

> a) abandoned or ceased to do business at the Humble Goddard School, lost their right to possession of the Humble Goddard School, or forfeited the right to do or transact business in the jurisdiction where the Humble Goddard School was located, *see* Franchise Agreement (Ex. 1), ¶ 13.A(2);
>
> b) engaged in conduct that, in GSI's judgment, had or may affect the goodwill of the Marks, *see* Franchise Agreement (Ex. 1), ¶ 13.A(3);
>
> c) purported to transfer any rights or obligations under the Franchise Agreement to any third party without GSI's prior written consent, contrary to the terms of Paragraph 12 of the Franchise Agreement, *see* Franchise Agreement (Ex. 1), ¶ 13.A(4); and/or
>
> d) failed to comply with the in-term covenants contained in Paragraph 16.B of the Franchise Agreement, *see* Franchise Agreement (Ex. 1), ¶ 13.A(5).

47. The KNL Defendants also agreed that, for a three-year period after termination of the Franchise Agreement, they would not, "either directly or indirectly, for [themselves] or

through, on behalf of, or in conjunction with any other person, persons, partnership, corporation or other entity:

> (1) Divert or attempt to divert any business or customer of the business franchised under this Agreement to any competitor, by direct or indirect inducement or otherwise, to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;
>
> (2) Employ or seek to employ any person who is at that time employed by [GSI] or by any of [GSI's] franchisees, or otherwise directly or indirectly to induce such person to leave his or her employment;
>
> (3) Own, maintain, engage in, be employed by, finance or have any interest in any other child daycare or preschool learning center or business at the premises of the School or within a radius of ten (10) miles of the School or any existing or proposed School (other than a School under an effective Franchise Agreement with [GSI]).

Franchise Agreement (Ex. 1) at ¶ 16(C) (the "Post-Term Covenant").

48. Upon termination or expiration of the Franchise Agreement, GSI also has the right to purchase the assets of the Humble Goddard School from the KNL Defendants at fair market value, exclusive of any goodwill, and to obtain an assignment of the KNL Defendants' lease for the premises of the School. *See* Franchise Agreement (Ex. 1) at ¶15.

49. The KNL Defendants also agreed that, in any action brought to enforce or defend GSI's rights under the Franchise Agreement, GSI is entitled to recover, in addition to any other recovery, reasonable attorneys' fees, court costs and expenses of litigation. *See* Franchise Agreement (Ex. 1), ¶23E.

THE FRANCHISEES BREACH THE FRANCHISE AGREEMENT

50. Notwithstanding the KNL Defendants' promises to GSI under the Franchise Agreement and the Assignment, the KNL Defendants failed to comply with their obligations under the Franchise Agreement, including their obligation to comply with GSI's standards.

51. As a result, on July 23, 2012, GSI sent the KNL Defendants a Notice of Default (the "July 23, 2012 Notice") for failure to comply with GSI's Quality Assurance standards as a result of a Quality Assurance assessment conducted by GSI on April 12, 2012 at the Humble Goddard School. Of particular concern to GSI was the KNL Defendants' failure of the Health and Safety and Playground sections of the assessment. The KNL Defendants were provided 30 days from the date of the July 23, 2012 Notice to cure the defaults by bringing the Humble Goddard School into compliance with GSI's Quality Assurance standards. *See* the July 23, 2012 Notice which is attached as **Exhibit 3** and incorporated herein by this reference.

52. On April 23, 2014, GSI sent the KNL Defendants a Second Notice of Default (the "April 23, 2014 Notice") for failure to comply with GSI's Quality Assurance standards as a result of two Quality Assurance Reviews conducted by GSI on July 11, 2013 and March 25, 2014. The KNL Defendants were again deficient in many aspects of the Health and Safety section of the assessments. The KNL Defendants were provided 30 days from the date of the April 23, 2014 Notice to cure the defaults by bringing the Humble Goddard School into compliance with GSI's Quality Assurance standards. *See* the April 23, 2014 Notice which is attached as **Exhibit 4** and incorporated herein by this reference.

53. On August 31, 2015, GSI sent the KNL Defendants a Third Notice of Default/Final Notice to Cure (the "August 31, 2015 Final Notice") for its continuing failure to comply with GSI's Quality Assurance standards after the School failed its fourth consecutive Quality Assurance review on August 7, 2015. The KNL Defendants were provided 30 days from the date of the August 31, 2015 Final Notice to cure the defaults by bringing the Humble Goddard School into compliance with GSI's Quality Assurance standards. The deficiencies that existed at the Humble Goddard School were deemed by GSI to be serious deficiencies in the

operation of the Humble Goddard School and in violation of GSI's current System Standards, including, among other things, serious Health and Safety deficiencies. *See* the August 31, 2005 Final Notice which is attached as **Exhibit 5** and incorporated herein by this reference.

54. Defendants did not cure the defaults identified in the August 31, 2015 Final Notice.

55. As a result of the KNL Defendants' failure to cure the defaults, GSI elected to terminate the Franchise Agreement by Notice of Termination of Franchise Agreement dated January 4, 2016 (the "First Termination Notice"). In the First Termination Notice, GSI notified the KNL Defendants that the Franchise Agreement was terminated due to repeated failures by the KNL Defendants to bring the Humble Goddard School into compliance with GSI's Quality Assurance standards. *See* the First Termination Notice which is attached as **Exhibit 6** and incorporated herein by this reference. In the First Termination Notice, GSI also set forth and demanded compliance with the KNL Defendants' post-termination obligations under the Franchise Agreement.

56. At the request of and as an accommodation to Defendants, and in reliance upon the KNL Defendants' representations of strict compliance with the terms of the Franchise Agreement and the existence of the Listing Agreement, GSI agreed to conditionally reinstate the Franchise Agreement for a limited period of time for the sole purpose of allowing the KNL Defendants to transfer their business to an unrelated third party approved by GSI. As a result, on or about March 19, 2016, GSI and the KNL Defendants entered into a Conditional Reinstatement of Franchise Agreement (the "Conditional Reinstatement); see **Exhibit 7** attached hereto and incorporated herein by this reference.

57. On or about March 14, 2016, GSI and the KNL Defendants entered into a Listing Agreement regarding the marketing for resale and prospective disposition of the Humble Goddard School (the "Listing Agreement"). In the Listing Agreement, the KNL Defendants covenanted and agreed, among other things, not to transfer, sell or otherwise dispose of the School or its assets without obtaining GSI's approval of the terms of the sale and the buyer, as well as not to negotiate the sale or close on any sale of the School without conditioning that the buyer would operate the Humble Goddard School only as a The Goddard School® preschool under a franchise agreement with GSI following the closing. *See* the Listing Agreement which is attached as **Exhibit 8** and incorporated herein by this reference.

58. On September 8, 2016, at the KNL Defendants' request, as a further accommodation to the KNL Defendants, and in reliance on the KNL Defendants' representations that they were still attempting in good faith to sell the School to an approved transferee to be operated as a Goddard School preschool, GSI and the KNL Defendants entered into an Addendum to Conditional Reinstatement of Franchise Agreement (the "Addendum") for the purpose of providing the KNL Defendants a further extension of time within which to pursue a sale of the assets of the Humble Goddard School to an unrelated third party approved by GSI. *See* the Addendum which is attached as **Exhibit 9** and incorporated herein by this reference.

59. The Franchise Agreement, the Assignment, the Listing Agreement and the Conditional Reinstatement and Addendum thereto, and the KNL Defendants' duties and obligations thereunder, remained in full force and effect during the course of Defendants' unlawful scheme as described below.

DEFENDANTS' UNLAWFUL SCHEME

60. All Defendants have participated in a scheme (the "Scheme") to breach and otherwise violate the KNL Defendants' obligations under the Franchise Agreement and the Listing Agreement, and to engage in acts injurious and prejudicial to GSI while simultaneously and directly advantageous and beneficial to Defendants, namely to, directly or indirectly, abandon and close the Humble Goddard School and simultaneously establish, develop and operate a prohibited competing child daycare or preschool learning center concept and related business at the exact same location.

61. On information and belief, in furtherance of the Scheme and with knowledge of GSI's contract rights and the KNL Defendants' contract duties and covenants, the KNL Defendants have colluded and conspired with MDJ (their landlord), Johnson (its principal) and more recently IPL (a newly formed entity) to induce, orchestrate and carry out a prohibited sale or transfer of the Humble Goddard School or its assets to IPL or another third party not approved by GSI in order to establish and operate a competing so-called Little Academy of Humble school at the exact same location as the former Humble Goddard School location; all while the Franchise Agreement and the Listing Agreement were still valid and in force and all in violation of the in-term covenants under the Franchise Agreement. Defendants' actions have resulted in a competing child daycare or preschool learning center or business operating at the exact location of the former Humble Goddard School utilizing personnel formerly employed by the KNL Defendants in connection with the former Humble Goddard School, as well as all of GSI's goodwill, confidential standards, know-how and methods in the operation of that competing School, all causing GSI irreparable harm.

62. In furtherance of the Scheme, upon information and belief, during the term of the Franchise Agreement, the KNL Defendants invited and otherwise allowed MDJ, Johnson and, more recently upon its formation, IPL, as prospective and then actual, unapproved third-party owners, operators, transferees or assignees, into the Humble Goddard School before and during the School's closure and transition in order to allow them to unlawfully receive a transfer or otherwise obtain the School's assets, solicit and divert families enrolled as GODDARD SCHOOL® families to attend their purported, so-called new independent school, to solicit employees regarding employment and to capture and divert GSI's goodwill under the Franchise Agreement. It is further believed and therefore alleged that MDJ, Johnson and IPL have used, are using and/or intended to use (a) the childcare license issued to the KNL Defendants by the Texas Department of Family and Protective Services; (b) the School's telephone number, which is GSI's property and associated with GSI's proprietary marks, in connection with the purported, so-called new independent school; and/or (c) the School's fire safety certificate from the Harris County, Texas Fire Marshall.

63. In furtherance of the Scheme, by letter dated January 23, 2017, MDJ, the KNL Defendants' landlord, provided notice to GSI that it had purportedly elected to terminate the KNL Defendants' right of possession of the premises for the Humble Goddard School without terminating the Lease, effective January 27, 2017. *See* the January 23, 2017 letter, which is attached as **Exhibit 10** and incorporated herein by this reference.

64. Upon information and belief, Defendants orchestrated and timed MDJ's purported election to terminate the KNL Defendants' right of possession of the premises for the Humble Goddard School pursuant to their plan for and in furtherance of the Scheme.

65. In furtherance of the Scheme, the KNL Defendants then abandoned and/or voluntarily ceased to do business at the Humble Goddard School, and/or voluntarily lost or relinquished their right to possession of the School, as of the close of business on January 27, 2017 and were replaced immediately by IPL and/or another third-party to be identified as the ostensible owners/operators of a competing, so-called Little Academy school through an unauthorized transfer by the KNL Defendants to MDJ (their landlord), Johnson (MDJ's managing member and principal), and/or IPL (a so-called independent third-party operator that had recently been formed by Johnson), all of which constituted breaches of the KNL Defendants' obligations under the Franchise Agreement, the Assignment and the Listing Agreement.

66. On further information and belief, the competing Little Academy school and/or IPL with the aid and assistance of the KNL Defendants had applied already for, but as of the competing Little Academy school's opening had not yet obtained on or about January 30, 2017, a license from the Texas Department of Family and Protective Services to operate a child care facility at the location of the former Humble Goddard School.

67. On further information and belief, the competing Little Academy school and/or IPL with the aid, assistance, consent and/or approval of the KNL Defendants unlawfully displayed and used on or about January 30, 2017 through the date of this Complaint, the operating license issued by the Texas Department of Family and Protective Services and the insurance coverage information certificate issued by the State of Texas to the KNL Defendants for the operation of the former Humble Goddard School to operate as a THE GODDARD SCHOOL, notwithstanding GSI's and the Texas Department of Family and Protective Services' instructions that they were not permitted or licensed to do so.

68. The KNL Defendants' conduct in furtherance of the Scheme violated their in-term covenants under the Franchise Agreement not to, directly or indirectly, (i) divert or attempt to divert any business or customer of the School to any competitor, (ii) employ or seek to employ any person who is at that time employed by GSI or by any other franchisee of GSI or otherwise directly or indirectly induce such person to leave his or her employment, or (iii) own, maintain, engage in, be employed by, lease real estate to, finance, or have any interest in any other child daycare or preschool learning center or business (other than a Goddard School under an effective Franchise Agreement with GSI), all of which constituted breaches of their covenants under Paragraph 16.B. of the Franchise Agreement.

69. The KNL Defendants' misconduct, deceitful representations and omissions and failure to abide by lawful contractual obligations and instructions vis-à-vis GSI and the Texas Department of Family and Protective Services regarding transfer, closure and licensing issues also constitute a failure to comply with all laws under the Franchise Agreement, and engaging in conduct which, in the judgment of GSI, has affected or may affect the goodwill of GSI's proprietary marks.

70. On or about January 27, 2017, GSI issued a cease and desist letter to the KNL Defendants and a separate cease and desist letter to MDJ. True and correct copies of the cease and desist letters are attached respectively as **Exhibits 11 and 12** and incorporated herein by this reference.

71. Upon information and belief, the competing Little Academy school continued to operate, and the complained of conduct set forth in this Complaint continued to occur after GSI issued the cease and desist letters.

72. The KNL Defendants' prohibited transfer, sale and/or abandonment of the Humble Goddard School and/or its assets in furtherance of the Scheme constituted a premature and unjustified termination of the Franchise Agreement, which deprived GSI of its anticipated revenue stream.

73. By Notice of Termination of Franchise Agreement dated February 3, 2017 (the "Notice of Termination"), and in recognition of the KNL Defendants' *de facto* termination, GSI terminated the Franchise Agreement pursuant to Paragraphs 13.A.(2), (3), (4) and (5) of the Franchise Agreement, effective immediately upon delivery of the Notice to the KNL Defendants based on the KNL Defendants' purported abandonment and cessation of business at the School, purported loss of the right to possess the School, engagement in conduct which had affected or may affect the goodwill of GSI's Marks, engagement in a prohibited transfer as defined in the Franchise Agreement and failure to comply with the in-term covenants in the Franchise Agreement, as well as the KNL Defendants' repeated breaches of the Franchise Agreement and the Conditional Reinstatement. A true and correct copy of the Notice of Termination is attached as **Exhibit 13** and incorporated herein by this reference.

74. Upon information and belief, the competing Little Academy of Humble school has continued to operate and the complained of conduct has continued to occur since GSI issued the Notice of Termination.

75. Prior to becoming the KNL Defendants' co-conspirator and collaborator in the Scheme, and, upon information and belief, "partner" in the Little Academy concept and an owner and/or member in IPL, Johnson (the landlord's principal) had no training or experience in opening, operating or promoting a child daycare or preschool learning program or business. Rather, upon information and belief, Johnson has spent his career in the real estate business.

76. On information and belief, IPL, Johnson, MDJ and the competing Little Academy school (and their respective shareholders, incorporators, members, officers and employees) knew or should have known and, to this day, know or should know that the KNL Defendants were bound by and breached the covenants referenced above and otherwise misappropriated the information that the KNL Defendants have imparted to them regarding the location, establishment, financing, opening, operation, marketing, advertising and promotion of a preschool learning center, and that this information constitutes GSI's protectable trade secrets, confidential information and copyrighted materials. In connection with the Scheme, IPL, Johnson, MDJ and the competing Little Academy school (and their respective shareholders, incorporators, members, officers, servants, agents and employees) have unlawfully and improperly solicited, received, utilized and benefited from GSI's trade secrets and other confidential and proprietary information in maintaining, engaging in, financing, and/or otherwise having an interest in the competing School, all for and to their own pecuniary benefit.

77. Upon information and belief, the KNL Defendants' involvement with the competing School has and will continue to entail the use and disclosure of the Goddard System – the confidential and proprietary information, trade secrets, knowledge and know-how that the KNL Defendants learned from GSI. As a practical matter, IPL, Johnson and MDJ have no ability to be involved in the operation of the competing School without using elements of the Goddard System, and thereby disclosing GSI's trade secrets and other confidential and proprietary information, in violation of the Covenant of Confidentiality, the Post-Term Covenant under the Franchise Agreement, the Uniform Trade Secrets Act and the common law.

78. Upon information and belief, one or more of the KNL Defendants represented to parents of the children enrolled in the now former Humble Goddard School that nothing would

change at the school upon its closure and conversion to a new, so-called independent Little Academy school.

79. Upon information and belief, some or all of the Defendants have already begun and continue to market and promote the school's and the KNL Defendants' former association and experience with the Goddard System and association with the Goddard Schools in connection with the competing School, which is a deliberate attempt to trade on their experience gained and the public's perception of them as present or former Goddard School franchisees and otherwise constitutes a breach of the Franchise Agreement.

80. Upon information and belief, Defendants are utilizing the Scheme to, among other things, avoid paying GSI initial franchise fees and on-going royalty fees which would be required if Defendants continued as or purchased and established a new Goddard School franchise instead of a competing Little Academy School, and to divert such income and profits from GSI. Viewed over the typical fifteen (15) year Goddard School Franchise Agreement, GSI is being damaged by, and could lose millions of dollars because of, the Scheme.

81. GSI has fully performed or otherwise properly discharged all of its contractual duties to the KNL Defendants.

82. Pursuant to the terms and conditions of the Franchise Agreement, the Assignment and the Listing Agreement, the KNL Defendants are jointly and severally liable to GSI.

COUNT I

TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION
(Against All Defendants)

83. GSI incorporates the allegations contained in the preceding paragraphs as if fully set forth in this paragraph.

84. Defendants do not have GSI's permission to use the Marks.

85. On information and belief, Defendants have used and displayed and intend to continue to use and display GSI's trademarks and trade names in connection with the unauthorized competing Little Academy of Humble school located at 15015 Fall Creek Preserve Drive, Humble, Texas 77396, including, without limitation, signage, publicly displayed licenses, and electronic and print advertising suggesting that the competing Little Academy of Humble school is and/or was an authorized Goddard School and its owners and/or operators are or were authorized GSI franchisees and/or were in some way sponsored by or affiliated with GSI.

86. The Defendants' use of GSI's trademarks and trade names in connection with a preschool early learning center is likely to cause confusion in the minds of consumers, who will believe that Defendants' school is or was related to or authorized by GSI.

87. On information and belief, Defendants have traded or intend to intentionally trade on GSI's trademarks, trade name and confidential business system and to deliberately misappropriate GSI's goodwill for their own benefit.

88. Defendants' operation and involvement in an early learning center using GSI's trademarks and operating system has or will deprive GSI of revenues and profits. GSI has no adequate remedy at law because it cannot be adequately compensated for the deprivation and dilution of the consumer recognition and goodwill built up under the GSI trademarks, trade name and business system over many years.

89. Defendants' conduct, which unfairly suggests an affiliation between their preschool early learning center and GSI, constitutes an infringement of GSI's trademarks under 15 U.S.C. §§ 1114(1)(a) and (b) and a false designation of origin or a false description or representation which tends falsely to describe or represent the services and goods of Defendants as those of GSI, and constitutes unfair competition violating 15 U.S.C. § 1125(a).

90. Defendants' conduct is willful.

91. Defendants' operation as set forth above has caused and, unless abated, will continue to cause GSI irreparable injury in that GSI will have difficulty refranchising the KNL Defendants' trading area; business will be diverted from GSI's authorized franchisees; the goodwill related to GSI's trademarks, trade name and business system will be diluted and taken from GSI's control; and GSI will lose profits and revenues which, because of Defendants' conduct, cannot be readily calculated.

92. GSI's immediate and irreparable harm will continue unless and until Defendants are enjoined from committing these wrongful acts.

93. Without an injunction ordering Defendants to cease to use or display any of GSI's trademarks or service marks, or any other logos, symbols or trade dress of GSI, or any confusingly similar trademarks, service marks, logos, symbols or trade dress, in connection with the advertising, distribution, display or sale of any product or service, GSI will continue to suffer irreparable harm and damage to its business.

COUNT II

BREACH OF CONTRACT – IN-TERM COVENANT NOT TO COMPETE UNDER THE FRANCHISE AGREEMENT
(Against KNL Defendants)

94. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

95. During the term of the Franchise Agreement, the KNL Defendants breached their obligations under the Franchise Agreement by, directly or indirectly, (a) diverting or attempting to divert any business or customer of the Humble Goddard School to any competitor, (b) employing or seeking to employ employees of the Humble Goddard School at the competing

Little Academy of Humble school, (c) doing or performing acts injurious or prejudicial to the goodwill associated with the Marks and Goddard System, and (d) owning, maintaining, engaging in, being employed by, financing, or having any interest in any child care or preschool learning center or similar business.

96. The KNL Defendants' conduct as set forth above has caused and will cause GSI irreparable harm through loss of its goodwill and relationship problems that are likely to be encountered with its other franchisees. The damages that GSI will sustain and the potential deception and harm to the consuming public cannot be ascertained, nor can such harm be compensated for in monetary damages.

97. GSI has no adequate remedy at law in that the damages as set forth above, including loss of goodwill, interference with its other franchise relationships, and lost profits cannot be compensated in monetary damages.

98. In the alternative, the KNL Defendants have breached and have caused and are liable for damages to GSI under the Franchise Agreement and the Assignment, in an amount to be ascertained at trial.

99. The KNL Defendants are contractually obligated to pay all costs and expenses, including reasonable attorneys' fees, incurred by GSI in enforcing the Franchise Agreement and the Assignment, and any other agreements with the KNL Defendants.

COUNT III

BREACH OF CONTRACT – COVENANT OF CONFIDENTIALITY
(Against KNL Defendants)

100. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

101. The KNL Defendants' conduct as set forth above breached their obligation under the Franchise Agreement during its term not to "communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation, any trade secrets or confidential information, knowledge, or know-how concerning the methods of operation of The Goddard School."

102. As detailed above, upon information and belief, the KNL Defendants breached the Franchise Agreement by permitting the competing Little Academy of Humble school to have access to, to use and/or to benefit from GSI's confidential operating system and information without authorization. *See* Franchise Agreement (Ex. 1), ¶9B.

103. As a direct result of the KNL Defendants' conduct, GSI has suffered irreparable harm to its business interests and, in the alternative, damages as a result of the KNL Defendants' breach of the Covenant of Confidentiality, in an amount to be determined at trial.

104. The KNL Defendants' conduct as set forth above has caused and will cause GSI irreparable harm through loss of its goodwill and relationship problems that are likely to be encountered with its other franchisees. The damages that GSI will sustain and the potential deception and harm to the consuming public cannot be ascertained, nor can such harm be compensated for in monetary damages.

105. GSI has no adequate remedy at law in that the damages as set forth above, including loss of goodwill, interference with its other franchise relationships, and lost profits cannot be compensated in monetary damages.

106. In the alternative, the KNL Defendants have breached and have caused and are liable for damages to GSI under the Franchise Agreement and the Assignment, in an amount to be ascertained at trial.

COUNT IV

BREACH OF CONTRACT
(Against KNL Defendants)

107. GSI incorporates the allegations contained in the preceding paragraphs as if fully set forth in this paragraph.

108. The KNL Defendants' conduct as described above breached the Franchise Agreement, the Assignment and the Listing Agreement.

109. By way of non-exhaustive example, the KNL Defendants breached the Franchise Agreement, by among other things:

a. authorizing, permitting and otherwise allowing MDJ, Johnson and, upon its recent formation, IPL to use, have access to, obtain and/or otherwise benefit from the Marks, the confidential operating system and the Humble Goddard School's goodwill and confidential information all without authorization or approval, which violated Paragraphs 7.B and C and Paragraphs 8, 9 and 12 of the Franchise Agreement;

b. abandoning or ceasing to do business at the Humble Goddard School, losing their right to possession of the Humble Goddard School, and/or forfeiting the right to do or transact business in the jurisdiction where the Humble Goddard School was located, *see* Franchise Agreement (Ex. 1), ¶ 13.A(2);engaged in conduct that, in GSI's judgment, had or may affect the goodwill of the Marks, *see* Franchise Agreement (Ex. 1), ¶¶ 13.A(3);

c. purporting to transfer rights or obligations under the Franchise Agreement to any third party without GSI's prior written consent, contrary to the terms of Paragraph 12 of the Franchise Agreement, *see* Franchise Agreement (Ex. 1), ¶¶ 12 and 13.A(4);

d. failing to comply with the in-term covenants contained in Paragraph 16.B and the post-term covenants contained in Paragraph 16.C of the Franchise Agreement, *see* Franchise Agreement (Ex. 1), ¶¶ 13.A(5) and 16.

e. failing to continue to operate the Humble Goddard School.

110. By way of non-exhaustive example, the KNL Defendants breached the Listing Agreement and the covenants contained therein by, among other things, upon information and belief transferring, selling or otherwise disposing of the School or its assets for consideration to MDJ, Johnson or IPL without obtaining GSI's approval of the terms of the sale and the buyer, as well as negotiating the sale and closing on the sale of the School without conditioning that the buyer would operate the School only as a The Goddard School® preschool under a franchise agreement with GSI following the closing.

111. As a direct result of the KNL Defendants' conduct, GSI has suffered irreparable harm and damages to its business interests.

112. For all these same reasons, and in the alternative, the KNL Defendants have breached and have caused and are liable for damages to GSI under the Franchise Agreement and the Assignment, in an amount to be ascertained at trial.

COUNT V

BREACH OF FRANCHISE AGREEMENT – LOST FUTURE ROYALTIES
(Against KNL Defendants)

113. GSI incorporates the allegations contained in the preceding paragraphs as if fully set forth in this paragraph.

114. The KNL Defendants' failures to comply with the terms of the Franchise Agreement as set forth above constituted a material breach of the Franchise Agreement and the Assignment.

115. The KNL Defendants have deprived GSI of its anticipated royalty revenues by in effect prematurely and wrongfully terminating the Franchise Agreement before the expiration of its term.

116. As the result of such breaches, and for the reasons set forth above, the KNL Defendants in effect prematurely and wrongfully terminated the Franchise Agreement before the expiration of its term and, as a result, GSI was forced to recognize their *de facto* termination and to issue the Notice of Termination of the Franchise Agreement.

117. Under the terms of the Franchise Agreement and the Assignment, GSI had anticipated receiving continuing revenue from the KNL Defendants' royalty payments for the fifteen (15) year term of the Franchise Agreement, until October 2, 2024.

118. The KNL Defendants' breach of the Franchise Agreement and the Assignment has damaged GSI because, among other things, GSI no longer has the ability or potential to receive future royalties and payments as expected for the approximately eight and one-half (8-1/2) years remaining under the term of the Franchise Agreement.

119. For all these reasons, the KNL Defendants have breached and have caused and are liable for damages to GSI under the Franchise Agreement and the Assignment, in an amount to be ascertained at trial.

COUNT VI

BREACH OF CONTRACT – COVENANT OF GOOD FAITH AND FAIR DEALING
(Against KNL Defendants)

120. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

121. The KNL Defendants' conduct as set forth above deprives GSI of the benefit of its bargain under the Franchise Agreement and the Listing Agreement.

122. The KNL Defendants' actions in furtherance of the Scheme and operation as set forth above will cause GSI irreparable harm through loss of its goodwill and relationship problems that are likely to be encountered with its other franchisees. The damages that GSI will sustain and the potential deception and harm to the consuming public cannot be ascertained, nor can such harm be compensated for in monetary damages.

123. GSI has no adequate remedy at law in that the damages as set forth above, including loss of goodwill, interference with its other franchise relationships and lost profits cannot be compensated in monetary damages.

124. For all these same reasons, and in the alternative, GSI has suffered and will continue to suffer damages as a result of the KNL Defendants' breach of the covenant of good faith and fair dealing, in an amount to be determined at trial.

COUNT VII

CONSPIRACY
(Against All Defendants)

125. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

126. In furtherance of the Scheme as described above, Defendants have been and remain engaged in a conspiracy and course of conduct to break the KNL Defendants' various contractual promises and covenants to GSI, to mask the KNL Defendants' cooperation with, involvement and interests in and contributions toward the Competing School, to compete directly with GSI and its authorized franchisees, to loot, siphon and steal GSI's trade secrets, proprietary information, goodwill and other valuable assets, and to deprive GSI of significant actual and prospective revenue streams and profits, customer relationships, goodwill and additional market growth opportunities.

127. Upon information and belief, the Scheme involving the competing Little Academy of Humble school was conceived and developed by the Defendants during the term of the Franchise Agreement as a fraudulent and deceptive business vehicle that would provide competitive goods and services to those of GSI and its authorized franchisees, compete against GSI and its authorized franchisees and siphon off significant confidential and proprietary information, customer relationships, goodwill and market growth opportunities from GSI and its authorized franchisees.

128. Without the input, participation, contributions, cooperation and financial and other active support of the KNL Defendants acting with MDJ, Johnson and IPL, the Competing School would not exist, would not be a competitor of GSI and its authorized franchisees, would not provide goods and services similar (and competitive) to those provided by GSI and its authorized franchisees, and would not operate in GSI's and its authorized franchisees' line of business.

129. Upon information and belief, the KNL Defendants (and their co-conspirators, agents and servants, including without limitation MDJ and Johnson) have aided, abetted and encouraged the newly formed IPL to conceive, develop, establish and operate the competing Little Academy of Humble school.

130. Defendants, acting in combination, misappropriated, converted, and/or otherwise improperly used GSI's trade secrets, proprietary information, goodwill and other valuable assets.

131. Defendants' actions have damaged GSI in ways, extents and amounts to be further ascertained. In addition, Defendants' actions have irreparably harmed and will continue to irreparably harm GSI in ways and extents for which there is no adequate remedy at law.

COUNT VIII

MISAPPROPRIATION OF TRADE SECRETS
(Against All Defendants)

132. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

133. Defendants' conduct as set forth above constitutes a misappropriation of GSI's trade secrets within the meaning of the Uniform Trade Secrets Act, 12 Pa. C.S.A. § 5301, *et seq.* ("UTSA").

134. The Goddard System derives economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. The Goddard System is the subject of reasonable efforts to maintain its secrecy.

135. Defendants' operation as set forth above will cause GSI irreparable harm through loss of its goodwill and relationship problems that are likely to be encountered with its other franchisees. The damages that GSI will sustain and the potential deception and harm to the consuming public cannot be ascertained, nor can such harm be compensated for in monetary damages.

136. GSI has no adequate remedy at law in that the damages as set forth above, including loss of goodwill, interference with its other franchise relationships and lost profits cannot be compensated in monetary damages.

137. GSI has suffered and will continue to suffer damages as a result of Defendants' misappropriation of GSI's trade secrets, in an amount to be determined at trial.

138. Defendants' misappropriation of GSI's trade secrets is willful and malicious within the meaning of the UTSA.

COUNT IX

UNFAIR COMPETITION
(Against All Defendants)

139. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

140. Defendants' conduct is a violation of the common law of unfair competition and is an unfair trade practice under the common law.

141. GSI will suffer damages as a result of Defendants' conduct in an amount to be determined at trial. In addition, Defendants' actions have irreparably harmed and will continue to irreparably harm GSI in ways and extents for which there is no adequate remedy at law.

COUNT X

TORTIOUS INTERFERENCE
(Against MDJ, Johnson and IPL)

142. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

143. The KNL Defendants owe continuing contractual duties and obligations to GSI under the Franchise Agreement, Assignment and Listing Agreement as described above.

144. On information and belief, MDJ, Johnson and IPL knew and continue to know of the KNL Defendants' contractual duties and obligations under the Franchise Agreement, Assignment and Listing Agreement.

145. By engaging in the conduct described above and with knowledge of the promises made by the KNL Defendants to GSI, MDJ, Johnson and IPL have intentionally and, by improper means, tortiously interfered with the promises and covenants made by the KNL Defendants to GSI.

146. The conduct of MDJ, Johnson and IPL is willful, malicious, wanton, intentional, unprivileged and without justification or excuse, and it is and will be the direct and proximate cause of immediate and irreparable harm as well as money damages to GSI and unjust enrichment to MDJ, Johnson and IPL.

COUNT XI

UNJUST ENRICHMENT
(Against All Defendants)

147. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

148. Defendants have benefited from their misappropriation and use of GSI's trade secrets, proprietary information, copyrighted information, goodwill and other valuable assets.

149. In equity and good conscience, Defendants should not have used GSI's trade secrets, proprietary information, copyrighted information, goodwill and other valuable assets.

150. Defendants unjustly have not compensated GSI for this benefit, to GSI's detriment.

151. Defendants' actions have damaged GSI in ways, extents and amounts to be further ascertained. In addition, Defendants' actions have irreparably harmed and will continue to irreparably harm GSI in ways and extents for which there is no adequate remedy at law.

COUNT XII

CONTRIBUTORY INFRINGEMENT
(Against All Defendants Except IPL)

152. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

153. For all reasons set forth above, all Defendants knew that the competing Little Academy of Humble school had infringed and was likely to continue to infringe upon GSI's Marks because GSI had notified all Defendants except IPL that GSI owned the Marks and that GSI had not granted Defendants' competing Little Academy of Humble school business a license to use the Marks in conjunction with competing school's business activities.

154. Despite their knowledge, Defendants permitted and continued to permit IPL and the competing school business to operate the infringing business and to use GSI's registered marks.

155. Under these circumstances, someone in Defendants' position would realize that they were empowering IPL and the competing Little Academy of Humble school business to use GSI's registered marks unlawfully.

156. Upon information and belief, Defendants each materially contributed to IPL's and the competing Little Academy of Humble school business' infringing conduct.

157. Upon information and belief, Defendants each enjoyed a direct financial benefit from IPL's and the competing school business' infringing conduct because they profited from or otherwise received money or other consideration as a result of IPL's and/or the competing school business' feature of and/or sale of products and services under or in connection with GSI's registered marks.

158. Upon information and belief, Defendants each have the right and ability to supervise and restrain IPL's and the competing Little Academy of Humble school business' infringing conduct because they could have directed or stopped IPL and/or the competing Little Academy of Humble school business from operating the infringing business and from using, associating with or otherwise infringing upon GSI's Marks.

159. Upon information and belief, each Defendant's conduct constitutes contributory infringement that has caused damage GSI.

160. All Defendants except for IPL have contributed to IPL and the competing school business by allowing and not stopping IPL and the competing school business' intentional infringement and Defendants' acts in concert and participation with IPL and the competing school business, causing damage to GSI in ways, extents and amounts to be further ascertained. In addition, Defendants' actions have irreparably harmed and will continue to irreparably harm GSI in ways and extents for which there is no adequate remedy at law.

COUNT XIII

SPECIFIC PERFORMANCE
(Against KNL Defendants)

161. GSI incorporates each of the preceding paragraphs as if fully set forth in this paragraph.

162. In the Second Notice of Termination, GSI provided notice to the KNL Defendants of GSI's exercise of its option pursuant to paragraph 15 of the Franchise Agreement to purchase all the assets of the Humble Goddard School to GSI at their fair market value, exclusive of any goodwill and requested a list of assets in order to effectuate such a purchase and the closing.

163. Through the date of this Complaint, no listhas been forthcoming and the purchase and closing on GSI's exercise of its option remains pending.

164. GSI requests that the Court enter an order of specific performance requiring the KNL Defendants, jointly and severally, to sell all the assets of the Humble Goddard School to GSI at their fair market value, exclusive of any goodwill within sixty (60) days from the KNL Defendants' receipt of GSI's notice to exercise its option pursuant to paragraph 15 of the

Franchise Agreement or fifty (50) days from the KNL Defendants' delivery of a list of assets to GSI, whichever is later.

WHEREFORE, Plaintiff Goddard Systems, Inc. requests the following relief:

a. Declaratory judgment that the involvement of the KNL Defendants in the competing Little Academy of Humble school (the "Competing School") violated the In-Term Covenant under the Franchise Agreement;

b. Declaratory judgment that the involvement of the KNL Defendants in the Competing School violated and continues to violate the Post-Term Covenant under the Franchise Agreement;

c. Declaratory judgment that the involvement of the KNL Defendants in the Competing School violates the Covenant of Confidentiality under the Franchise Agreement;

d. Declaratory judgment that any purported assignment or transfer (including, without limitation, any sale, assignment, transfer, conveyance, gift or give away, pledge, mortgage or other encumbrance) by any of the KNL Defendants in the franchise (including any interest in any partnership, corporation or limited liability company that owns the franchise) or in the assets of the franchise not having GSI's written consent is null and void;

e. Declaratory judgment that the involvement of Defendants in the Competing School, constitutes willful and malicious misappropriation of GSI's trade secrets in violation of the Uniform Trade Secrets Act, 12 Pa. C.S.A. § 5301 *et seq.*;

f. A preliminary and permanent injunction enjoining the KNL Defendants, their agents, servants, employees and attorneys, and all others in active concert or participation with any of them (including, without limitation, International Preschool LLC and its incorporators, officers, directors, agents and members, including without limitation MDJ Development, LLC and Michael David Johnson), either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, persons, partnership or corporation, from using, in connection with a non-Goddard School business, by advertising or in any manner whatsoever, any equipment, confidential methods, procedures and techniques associated with the Goddard School business system; the trade and service marks "THE GODDARD SCHOOL®" and any other GSI trade name, trademark, service mark, or distinctive form, slogan, sign, symbol or device associated with the Goddard School business system including all signs, equipment, advertising materials, stationery, forms and any other articles which display GSI's trademarks, trade names or service marks;

g. A preliminary and permanent injunction, enjoining Defendants, their agents, servants, employees and attorneys, and all others in active concert or participation with any of them (including, without limitation, International Preschool LLC and its incorporators, officers, directors, agents and members, including without limitation MDJ Development, LLC and Michael David Johnson), either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, persons, partnership or corporation, from holding themselves out as present or former GSI franchisees;

h. A preliminary and permanent injunction enjoining Defendants, their agents, servants, employees and attorneys, and all others in active concert or participation with either of them (including, without limitation, International Preschool LLC and its incorporators, officers, directors, agents and members, including without limitation MDJ Development, LLC and Michael David Johnson), either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, persons, partnership or corporation, from owning, maintaining, engaging in, being employed by, financing, or having any interest in the Competing School or any other child daycare or preschool learning center at the Humble Goddard School located at 15015 Fall Creek Preserve Drive, Humble, Texas 77396, during the remaining three-year term of the post-term covenants set forth in the Franchise Agreement or for a period of three years following the date on which the KNL Defendants cease to operate or have any other prohibited involvement or interest in the Competing School, whichever is later;

i. A preliminary and permanent injunction enjoining Franchisees, their agents, servants, employees and attorneys, and all others in active concert or participation with any of them (including, without limitation, International Preschool LLC and its incorporators, officers, directors, agents and members, including without limitation MDJ Development, LLC and Michael David Johnson), either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, persons, partnership or corporation, for the three-year period following the termination of the Franchise Agreement or the date which or the date on which the KNL Defendants cease to operate or have any other prohibited involvement or interest in the Competing School, whichever is later, from diverting or attempting to divert any business or customer of their former

Goddard School to any competitor by direct or indirect inducement or otherwise, or from doing or performing, either directly or indirectly, any other act injurious or prejudicial to the goodwill associated with GSI's trademarks, trade names, service marks or the Goddard School business system;

j. A preliminary and permanent injunction enjoining Franchisees, their agents, servants, employees and attorneys, and all others in active concert or participation with any of them (including, without limitation, International Preschool LLC and its incorporators, officers, directors, agents and members, including without limitation MDJ Development, LLC and Michael David Johnson), either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, persons, partnership or corporation, for the three-year period following the termination of the Franchise Agreement or the date on which the KNL Defendants cease to operate or have any other prohibited involvement or interest in the Competing School, whichever is later, from employing or seeking to employ any person who is at that time employed by GSI or by any GSI franchisee, or otherwise directly or indirectly inducing such person to leave his employment with GSI or such GSI franchisee;

k. A preliminary and permanent injunction enjoining Defendant, their agents, servants, employees and attorneys, and all others in active concert or participation with either of them (including, without limitation, International Preschool LLC and its incorporators, officers, directors, agents and members, including without limitation MDJ Development, LLC and Michael David Johnson), either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, persons, partnership or corporation, from communicating, divulging, or using for the benefit of any person, persons, partnership, association or corporation, any trade secrets or confidential information, knowledge or know-how communicated or disclosed to them by GSI;

l. An order requiring Defendants, their agents, servants, employees and attorneys, and all others in active concert or participation with any of them (including, without limitation, International Preschool LLC and its incorporators, officers, directors, agents and members, including without limitation MDJ Development, LLC and Michael David Johnson), either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person, persons, partnership or corporation, to turn over to GSI all manuals, including the Goddard School Confidential Operating Manual, records, files, instructions, correspondence, proprietary software, all materials related to the Franchisees' operation of their former Goddard School including all brochures and agreements, and any and all other materials and any other documents (including those in any electronic format) that relate to the operation of their former Goddard School or otherwise embody or reflect any part of the System or GSI's trade secrets or confidential and proprietary information;

m. Entry of an order of specific performance requiring the KNL Defendants, jointly and severally, to sell all the assets of the former Goddard School to GSI at their fair market value, exclusive of any goodwill;

n. Money damages attributable to Defendants' misappropriation of GSI's trade secrets, multiplied as provided in 12 Pa. C.S.A. § 5304(b);

o. Money damages attributable to the KNL Defendants' breaches of the Franchise Agreement;

p. Compensatory damages awarded in favor of GSI and against all Defendants;

q. Lost profits awarded in favor of GSI and against all Defendants;

r. Exemplary damages awarded in favor of GSI and against all Defendants;

s. Punitive damages awarded in favor of GSI and against all Defendants;

t. Treble damages under 15 U.S.C. § 1117;

u. An accounting by Defendants of the profits to which GSI may be entitled;

v. Attorneys' fees, costs, expert fees and investigative fees incurred in connection with this action as allowed by 15 U.S.C. § 1117(a) and any other applicable statutory, contractual or common law provision;

w. Pre-judgment and post-judgment interest; and

x. Such other relief as this Court may deem just and proper.

Respectfully submitted,

GODDARD SYSTEMS, INC.

Dated: February 7, 2017

By: Constantine T. Fournaris

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